2009-2010 Session
Regular State Legislative Session Report

Assembly Bills

AB 2 (De La Torre) Rescission
Version: Introduced 12/01/2008
Sponsor: California Medical Association
Status: 12/01/2008-First reading

This bill is substantively the same as AB 1945 of the 2007-08 session. This bill would require health plans and insurers to obtain prior approval from the Department of Managed Health Care (DMHC) Director and the California Department of Insurance (CDI) Commissioner respectively before rescinding any health coverage. It would require the DMHC Director and CDI Commissioner, beginning January 1, 2011, to jointly establish an independent process for reviewing health plans' and insurers' requests to rescind an enrollee's coverage. It would allow DMHC or CDI to approve a rescission only if the health plan or insurer demonstrated that the enrollee "made a material misrepresentation or material omission" about his or her medical history in the application process. The bill would also permit each regulator to assess other administrative penalties and suspend or revoke a plan's license or insurer's business certificate if they rescind coverage without prior DMHC or CDI approval. It would also require DMHC and CDI to establish by regulation an exclusive pool of approved questions for use on individual coverage applications by health plans and insurers that elect to sell individual coverage, and would require the plans and insurers to use these questions no later than six months following passage of the regulation. The bill would require that on and after January 1, 2011 all individual health care applications be reviewed and approved by DMHC and CDI prior to being used by plans and insurers.

AB 23 (Jones) Universal Health Care Coverage For All California Residents
Version: Introduced 12/01/2008
Sponsor: Author
Status: 12/01/2008-First reading

This bill would declare the intent of the Legislature to accomplish the goal of universal health care coverage within 5 years for all California residents. Toward this goal, the bill would stepwise: ensure all Californians, including children regardless of immigration status, have access to affordable, comprehensive coverage; subsidize coverage for low-income individuals; utilize federal funding; maintain and strengthen the private health care coverage system; and would employ strategies to contain systemwide cost and expand access.

ABX3 24 (Jones) Conformity with SCHIP Law
Version: Introduced 01/22/2009
Sponsor: Author
Status: 01/23/2009-Only intent language thus far

This bill would declare the intent of the Legislature to enact legislation implementing specified changes to federal law affecting the Healthy Families Program.

AB 29 (Price) Dependent Age Limit Minimum
Version: Introduced 12/01/2008
Sponsor: Author
Status: 12/01/2008-First reading

This bill, effective January 1, 2010, would prohibit those plans and insurers that terminate coverage for dependent children when they reach a specified age from setting that limit at less than 27 years of age. It would exempt collective bargaining contracts effective prior to January 1, 2010. The bill would further stipulate that employers such as CalPERS that participate in the Public Employees' Medical and Hospital Care Act would not be required to pay the cost of coverage for dependents between 23 and 27 years of age.

AB 56 (Portantino) Mandated Benefit: Mammography Screening
Version: Introduced 12/05/2008
Sponsor: Author
Status: 12/08/2008-First reading

This bill would require individual and group health care insurance policies to cover mammography screening and diagnosis beginning July 1, 2010. It would further require that health plans and disability insurers give written notice to their respective female enrollees and policyholders of their eligibility for breast cancer testing during the calendar year that national guidelines recommend women begin testing.

AB 89 (Torlakson) Cigarette Tax for Children's Health Care
Version: Introduced 01/05/2009
Sponsor: Author
Status: 01/05/2009-First reading

This bill would, shortly following its passage, impose a new tax of 10.5 cents on each cigarette and a new tax ranging from $1.05 to $2.625 for each package of cigarettes in addition to current tobacco taxes. The bill would create the Tobacco Excise Tax Account and deposit the tax into the Account, which would be used for general and children's health care, education, tobacco cessation services, and lung cancer research. This bill would take effect immediately.

AB 108 (Hayashi) Individual Health Care Coverage Rescission
Version: Introduced 01/12/2009
Sponsor: Author
Status: 01/12/09-First reading

This bill is a reintroduction of AB 2549 from the 2007-08 session. This bill, beginning July 1, 2010, would prohibit health plans and insurers from rescinding health care coverage after 18 months following issuance of a contract or policy. It would require the Department of Managed Care (DMHC) Director and the California Department of Insurance (CDI) Insurance Commissioner to jointly establish standard information and health history questions to be used on all applications for individual health care plan contracts and insurance policies. The bill would allow plans and insurers to use any of these questions on their applications, but would also limit them to using only these questions.

AB 163 (Emmerson) Mandated Benefit: Amino Acid-Based Elemental Formulas
Version: Introduced 01/27/2009
Sponsor: Author
Status: 01/27/2009-First reading

This bill would require health care insurer policies and non-specialized plan contracts that are amended or renewed on or after January 1, 2010, that provide coverage for hospital, medical, or surgical expenses to provide coverage for the use of amino acid-based elemental formulas, regardless of the delivery method, for the diagnosis and treatment of eosinophilic gastrointestinal disorders when the prescribing physician has issued a written order stating that the amino acid-based elemental formula is medically necessary. Eosinophilic disorders are characterized by having elevated levels of a certain type of white blood cell in the digestive system.

ACA 1 (Silva) Legislative Vote Requirement For Expenditures
Version: Introduced 12/01/2008
Sponsor: Author
Status: 12/01/2008-Read first time

This bill would require the Department of Finance to analyze all bills introduced or amended and to report each bill to specified legislative entities whether the bill would result in more than $150,000 in annual expenditures. ACA 1 would require that such bills may pass from the legislature only upon a 2/3 approval vote of each house.

ACA 4 (Bass) Vote Requirements For Budget Bills
Version: Introduced 12/03/2008
Sponsor: Author
Status: 12/08/2008-Read first time

This bill would exempt budget bills and budget implementation bills (trailer bills) from being subject to the referendum process. It would also require these bills to go into effect immediately upon being signed by the governor. It would define budget and trailer bills in such a way as to limit them to budget issues. It would further exempt budget and trailer bills passed on or before June 15 from the requirement that they receive a 2/3 approval vote in the legislature thereby allowing them to be passed with a majority vote only.

Senate Bills

SB 1 (Steinberg) Statewide Children's Health Care Coverage
Version: Introduced 12/01/2008
Sponsor: 100% Campaign
Status: 02/04/2009-Set for hearing in Senate HEALTH

This bill is similar to AB 1 and SB 32 of the 2007-08 session. By January 1, 2010 and insofar as state funds are appropriated for its purposes, this bill would expand the income eligibility level for the Healthy Families Program (HFP) to 300% of the Federal Poverty Level (FPL) and would repeal immigration status as an eligibility criterion for Medi-Cal and the HFP. The bill also states its intent that the Managed Risk Medical Insurance Board (MRMIB) may implement the expansion only to the extent that funds are appropriated for that purpose. The premium rate for the 250% to 300% FPL population would be 150% of the premium rate enrollees pay in the 200%-250% FPL category.

The bill would also, by July 1, 2011, establish the Healthy Families Buy-In Program and would allow children uninsured for the previous six months and in families with income greater that 300% of the FPL to purchase enrollment in the HFP and obtain coverage identical to the HFP coverage. The bill would deem Buy-In enrollees eligible for the California Children's Services (CCS) Program and would require that these enrollees pay MRMIB the full cost of the HFP health, vision and dental coverage plus the per capita actuarial value of the CCS services. The bill would further require the state, commencing January 1, 2010, to reimburse counties for the cost of meeting administrative standards for that portion of the county caseload that provides services to Buy-In children.

By July 1, 2011, the bill would allow families to self-certify their income when initially applying for HFP, and it would require MRMIB and stakeholders to simplify the annual renewal forms, such as providing the forms pre-populated with the enrollee's eligibility information and a check-list identifying whether eligibility information items are correct. It would also require MRMIB and stakeholders to establish a process of renewal by phone.

The bill would expand Medi-Cal eligibility for children ages 6 through 18 from 100% of FPL to 133% of FPL by January 1, 2010. Upon implementation of this expansion, the bill would require MRMIB and the Department of Health Care Services to develop a process to transition eligible children from local Children's Health Initiative programs to Medi-Cal and the HFP. The bill also, to the extent federal financial participation is available, would establish the Medi-Cal Presumptive Eligibility Program by July 1, 2011 for new Medi-Cal/HFP applicants.

SB 56 (Alquist) Universal Access to Health Care Coverage
Version: Introduced 01/20/2009
Sponsor: Author
Status: 01/20/2009-Senate RULES for assignment

This bill would, by 2012, enact health care reform that would ensure all Californians have access to affordable, quality health care coverage. It would equitably distribute the responsibility for providing and paying for health care coverage between individuals, employers and government. It would further reduce the reliance on medical status or conditions as criteria for medical underwriting of individual coverage. It would also, by 2010, provide a foundation for future

reforms, such as ensuring coverage for all children, allow workers to set aside pre-tax health care dollars, draw down federal funds for covering low-income adults and families, and reduce the use of medical underwriting.

SB 57 (Aanestad) MRMIP Expansion
Version: Introduced 01/20/2009
Sponsor: Author
Status: 01/22/2009-First reading

This bill would require the Managed Risk Medical Board (MRMIB) to offer at least four different coverage options in the Major Risk Medical Insurance Program (MRMIP), including at least one option compatible with a health savings account. These options would be required to include deductibles from $500-$2,500 for individuals and $1,000-$4,000 per family as well as out-of-pocket maximums from $2,500-$5,000 per individual and $4,000-$7,500 per family. The bill would limit the annual benefits coverage for each subscriber to $150,000 but would allow the Board to lift this cap by January 1, 2015, if sufficient funds permit it. It would impose a lifetime maximum benefit limit of $1 million until January 1, 2015. The bill would allow the Board, pending sufficient funding, to buy deductible and out-of-pocket maximum reinsurance until January 1, 2015. This bill would increase from one to three the number of plans that must reject applicants before they qualify as having a medically uninsurable condition. It would require that the condition be documented by a physician and that the Board determine those conditions that would qualify as medically uninsurable for this purpose. It would define resident, for purposes of eligibility, as someone who has either resided in California for six months prior to applying for MRMIP or is present in California and provides documentation of recent participation in a high-risk health insurance program in another state.

The bill would allow the Board, until January 1, 2015, to create a rider pool consisting of applicants with no more than two qualifying conditions, as determined by the Board. It would prohibit these qualifying conditions from including conditions likely to require chronic, ongoing care. The bill would allow individual health care plans and insurers to exclude these qualifying conditions from coverage temporarily or permanently for these rider members.

This bill, after June 30, 2010, would increase the appropriation from the Cigarette and Tobacco Products Surtax Fund to the Major Risk Medical Insurance Fund from $18 million to $23 million from the Hospital Services Account and from $11 million to $16 million from the Physician Services Account. This would be a total increase of $10 million. This bill would further require health care plans and insurers that provide individual coverage for hospital, medical, or surgical benefits to add a surcharge to each life covered according to the following schedule:

1. July 1, 2010, through June 30, 2011, a surcharge of $0.35 per life, per month.
2. July 1, 2011, through June 30, 2012, the surcharge of $0.50 per life, per month.
3. July 1, 2012, through June 30, 2013, the surcharge of $0.70 per life, per month.
4. July 1, 2013, through June 30, 2014, the surcharge of $0.85 per life, per month.
5. July 1, 2014, and thereafter, the surcharge of $1 per life, per month.

The bill, until January 1, 2015, would require the surcharges to be deposited into the Major Risk Medical Insurance Fund and would allow the surcharges to be paid in two installments on August 1 and December 15 of each year. If state funds are less than $40 million for any fiscal year, the bill would require the surcharge to be suspended for the following fiscal year. The bill

would further exclude these surcharges from inclusion in the plans' and insurers' administrative expenses when determining whether it has expended "an excessive amount of the aggregate dues, fees and other periodic payments" according to statutory requirement. The bill would require plans and insurers to report annually, beginning May 15, 2010, to the MRMIB and the Department of Managed Health Care the number of lives covered by their respective contracts and policies as of March 31 of each year. The bill would allow the Board, by regulations and pending sufficient funding, to develop coverage categories that would remain in effect until January 1, 2015 for tobacco use and morbid obesity. It would also require the Board to release all program actuarial data for 2004 to 2007 to the Legislative Analyst's Office. The bill would apply the same premium formula for HIPAA PPOs as HMOs: 170% of standard rates. It would further prohibit plans or insurers from changing these premiums more than once every 12 months.

SB 92 (Aanestad) Health care reform.
Version: Introduced 01/21/2009
Sponsor: Author
Status: 01/22/2009-First reading. May be acted upon on or after February 21.

The bill would authorize health care plans and insurers to sell individual contracts and policies that do not include all of the benefits mandated under state law to individuals with income below 350% of the federal poverty level if the individual waives those benefits and the contract or policy is approved by the Department of Managed Health Care (DMHC) or the California Department of Insurance. This bill would further allow an out-of-state health care plan or insurer to offer, sell, or renew a health care contract or policy in this state without holding a license or a certificate of authority issued by the DMHC.

This bill would authorize a licensed health care professional, other than a person licensed to practice medicine, to deny or modify requests for authorization of treatment only with respect to services that fall within his or her scope of practice. This bill would require physicians and providers who review grievances involving a disputed health care service under a health care plan or policy to be licensed in California. This bill would also require that at least one of these medical professional reviewers conduct a good faith examination of the enrollee.

The bill would also require the department, on or before January 1, 2011, to provide or arrange for the provision of an electronic personal health record and an electronic personal benefits record for beneficiaries of the Medi-Cal program. The bill would additionally authorize the department to establish a Healthy Action Incentives and Rewards Program as a covered benefit under the Medi-Cal program, subject to federal financial participation and approval.

The bill would state the intent of the Legislature to enact legislation that would realign Medi-Cal benefits to more closely resemble benefits offered through private health care coverage.

This bill would permit a hospital or health care provider that provides health care services to an uninsured individual who does not qualify for government health care benefits to file a claim with the State Department of Health Care Services to be reimbursed for those services if the recipient of the services does not pay for those services. The bill would allow the medical debt owed by the uninsured individual to be paid with any tax refund or lottery winnings owed by the state to the individual.

This bill would require the CalPERS Board to offer a high deductible health plan and a Health Savings Account option to public employees and annuitants. The bill would establish the Public Employees' Health Savings Fund for payment of qualified medical expenses of eligible employees and annuitants who elect to enroll in the high deductible health plan and participate in the Health Savings Account option and would require those employees and annuitants and their employers to make specified contributions to that fund. The bill would also require the CalPERS Board, on or before January 1, 2011, to provide or arrange for the provision of an electronic personal health record and an electronic personal benefits record for enrollees receiving health care benefits and to provide a Healthy Action Incentives and Rewards Program to its enrollees.

SCA 1 (Walters) Vote Requirements For Budget Bills
Version: Introduced 12/01/2008
Sponsor: Author
Status: 12/01/2008-First reading

This bill would exempt budget bills from the referendum process. It would also exempt from the 2/3 legislative vote requirement any General Fund appropriation in a fiscal year that, when combined with all General Fund appropriations passed for that same fiscal year, total less than 5% of the General Fund appropriations made as of that same date during the immediately preceding fiscal year.